
North Carolina Institute of Medicine Annual Meeting

Health Care Reform Update and 2014 Key Strategies

**Presentation by: Tracy Baker
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RATES, SUBSIDIES, AND OPTIONS FOR EMPLOYERS AND/OR INDIVIDUALS

Reform Issues for Individuals/Employers/Agents



Issue

- Base Rates Impacted by Multiple ACA Sections
 - ↓MLR Reform (One Time Drop)
 - ↑New Mandated Benefits
 - ↑Coverage for 10EHB Categories
 - ↑Move to Benchmark Plans
 - ↑Risk Selection of Uninsured Entrants
 - ↑Reinsurance Fund
 - ↑Fully Insured Insurance Tax
 - ↑Administration Expenses of Exchange
 - ↑Significant Administrative Burdens on Carriers
 - ↑OOP and Deductible Maximums
- Adjustments to Base Rates Cost
- ↑↓ Age/Sex Bands from 6:1 to 3:1
 - ↓↑ Risk Bands from 67% range to 0% Range
 - ↑ Forced to Bronze Level Plans
 - ↑ No RFP Competition

Impact

- Almost all Changes Cause a Permanent Increase to Premiums
- Tax Changes to Begin now for Small Group and Individual Plans, and on 1/1/2014 for Large Group and ASO.
- Low-Cost Groups Subsidize High-Groups
- Low-Benefit Plans to Move to Bronze Level

Family Purchase Decision

“Silver Plan” Premiums & Out-of-Pocket Costs



	100-133% FPL	134-150% FPL	151-200% FPL	201-250% FPL	251-300% FPL	301-400% FPL	>400% FPL
Family of 4 income	\$23,425 \$31,155	\$31,389 \$35,137	\$35,372 \$46,850	\$47,084 \$58,562	\$58,797 \$70,275	\$70,509 \$93,700	Over \$93,934

Projected Annual & Monthly Silver (70% Actuarial Value) Premiums for Medium Cost Market

Age 20	\$7,108 – (\$592 per mo.)
Age 30	\$7,862 – (\$655 per mo.)
Age 40	\$9,435 – (\$786 per mo.)
Age 50	\$13,112 – (\$1,093 per mo.)
Age 60	\$18,700 – (\$1,558 per mo.)

Estimated Monthly Premium Based on Family Premium Contribution Limit (Tied to % of Income)

Limit	2.0%	3.0 - 4.0%	4.0 - 6.3%	6.3 - 8.05%	8.05 - 9.5%	9.5%	No Limit
Age 20							\$592
Age 30	\$39 - \$52	\$78 - \$117	\$118 - \$246	\$247 - \$393	\$394 - \$556	\$558 - \$742	\$655
Age 40	(all ages)	(all ages)	(all ages)	(all ages)	(all ages)	(all ages)	\$786
Age 50							\$1,093
Age 60							\$1,558

Cost Sharing Subsidies: Actuarial Value (AV) “Buy Up” & Annual Out-of-Pocket Limits

AV / Co-pay Subsidy	94% AV	94% AV	87% AV	73% AV	None	None	None
OOP Limit (all ages)	\$4,162 33% of HSA limit	\$4,162	\$4,162	\$6,250 50% of HSA Limit	\$6,250	\$8,325 66% of HSA Limit	\$12,500 100% of HSA Limit

Source: Coventry calculations based on Kaiser Family Foundation estimates

HCR Strategies



How is HCR going to affect your company's business model?

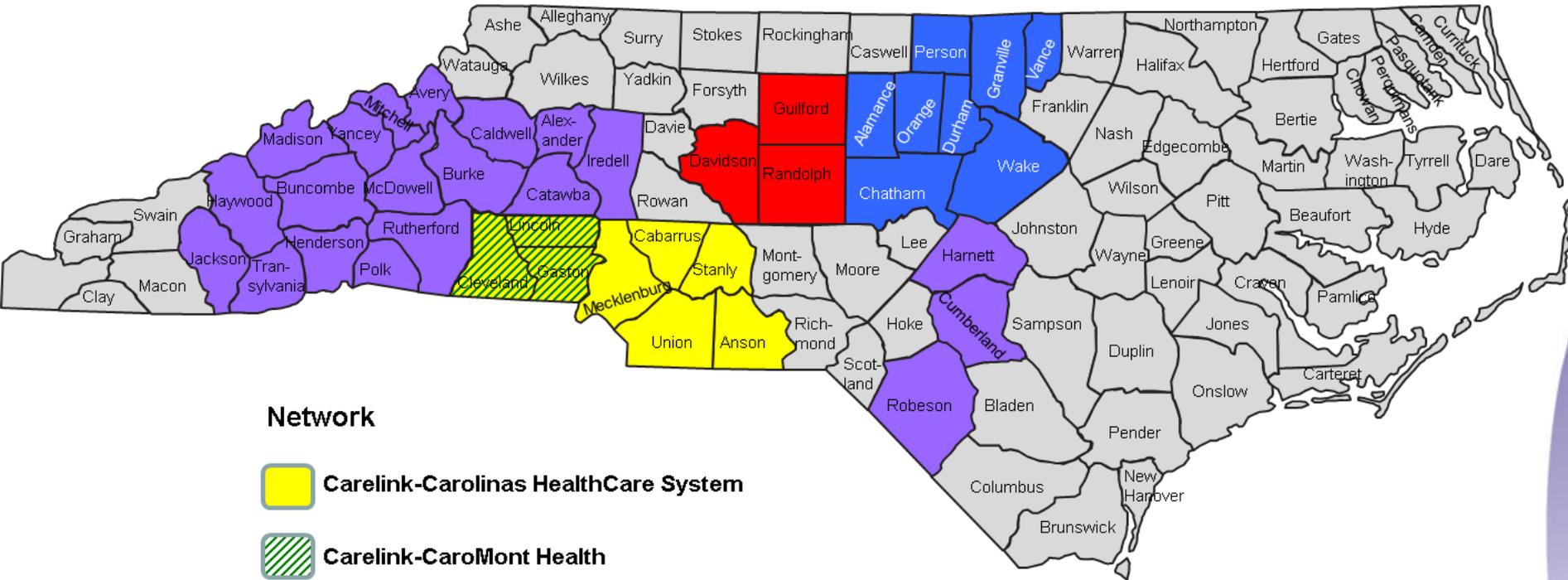
- What subsidies are available to your employees?
- What other options are available to our company?
- What is the cost of dropping coverage?
- Who in the company is going to make these decisions?

What Options Do I have?

- Drop coverage, potentially pay penalty.
- Drop coverage and gross up salaries.
- Go self insured.
- Early renewal to delay impact of HCR.
- Stay on current renewal strategy.
- No "Last looks in 2014"

GEOGRAPHY AND PLAN DESIGN

Individual On-Exchange Counties For NC



Network

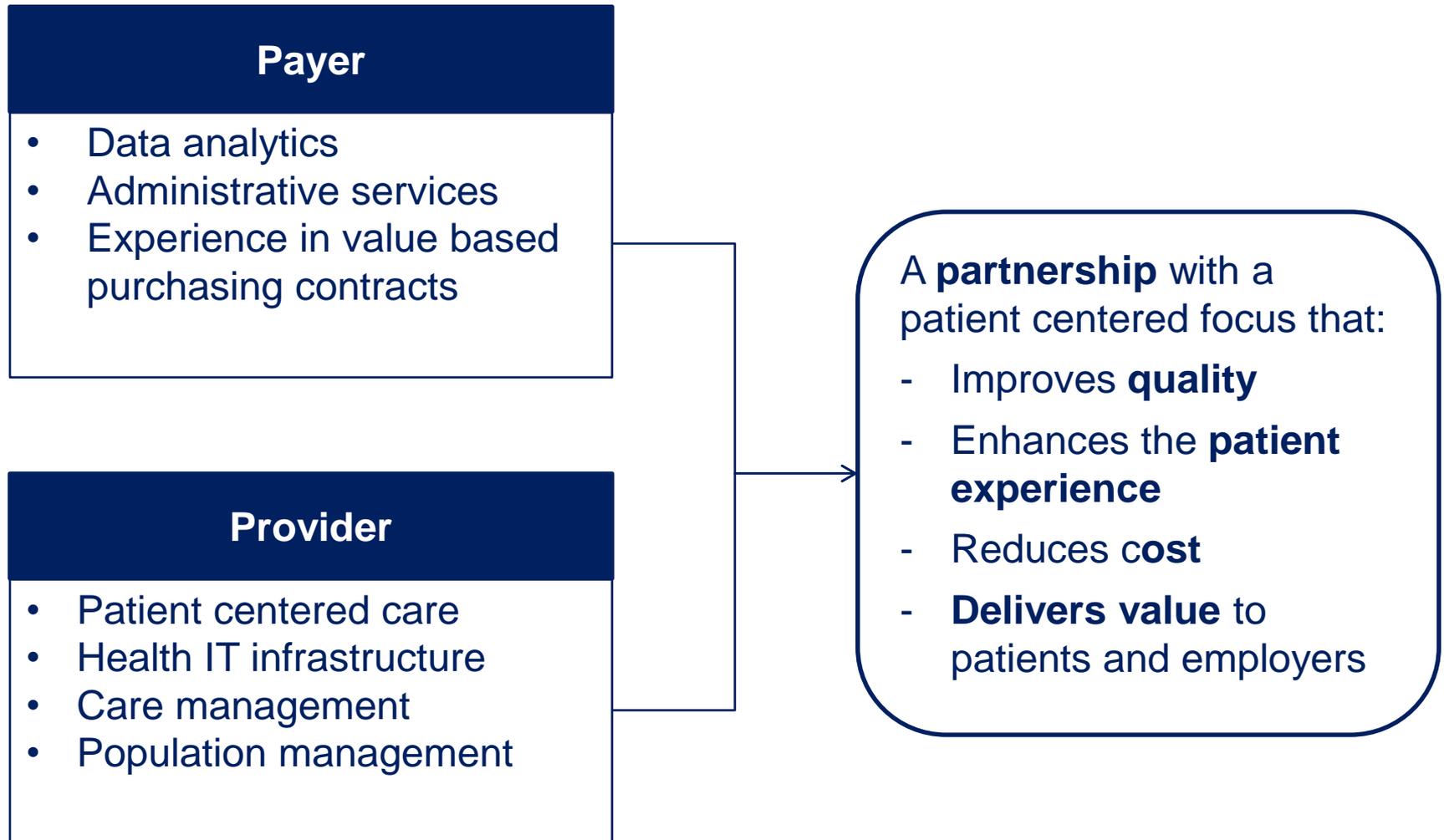
-  Carelink-Carolinas HealthCare System
-  Carelink-CaroMont Health
-  Carelink-Cornerstone Health Care
-  Carelink-Duke Medicine
-  CHC Carolinas POS Network

NC/SC Individual On & Off-Exchange Products - 2014

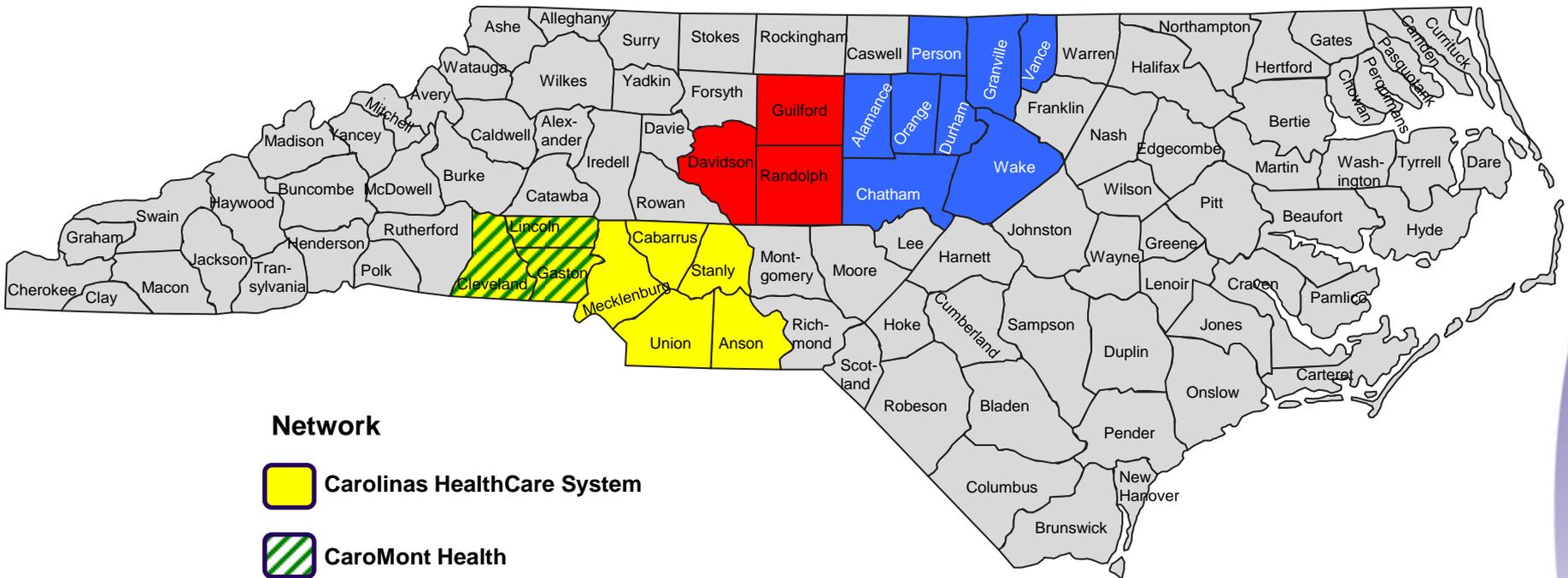
Metal Category	Plan Designs	Deductible Range	Coinsurance	OPM
	5	\$1,000 - \$1,750	80%	\$5,000
	5	\$3,750	70%	\$6,350
	10	\$5,500-\$6,300	100%	\$6,300
Catastrophic	5	\$6,350	100%	\$6,350

ACO STRATEGY

Collaboration to Improve Quality and Reduce Cost



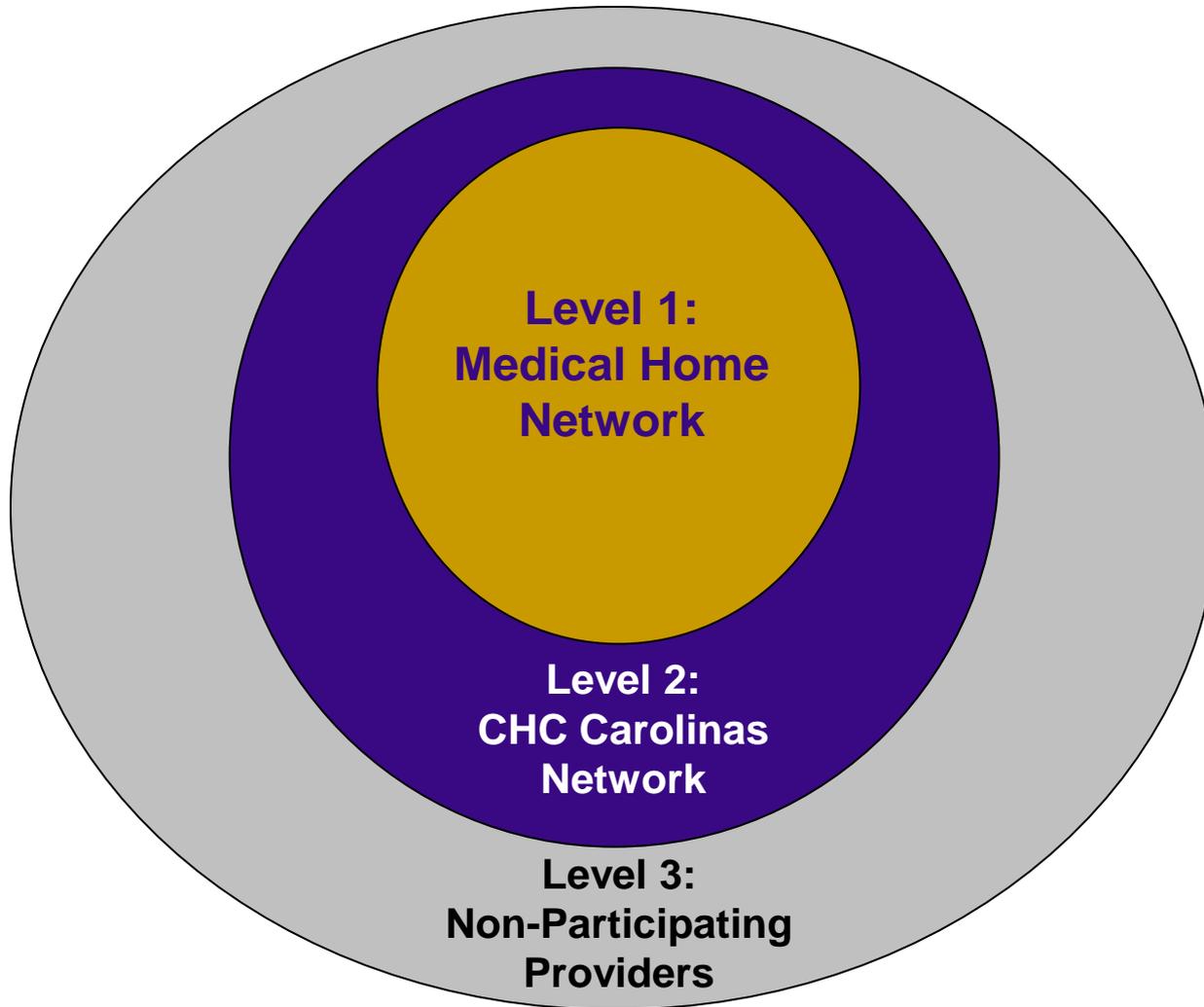
Carelink Provider Partners in NC



Network

-  **Carolinas HealthCare System**
-  **CaroMont Health**
-  **Cornerstone Health Care**
-  **Duke Medicine**

Carelink Medical Home Option Benefit Levels



THANK YOU